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THE CARE AND FEEDING OF ENSEMBLES

A CENTURY OF THE AVANT-GARDE

TEA WITH MR. BECKETT

SPECIAL REPORT

'THEATRE FACTS 89'

Theatre X of Milwaukee's DESIRE OF THE MOTH FOR THE STAR

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LETTERS TO THE EDITOR

A Benevolent Anarchy

The following quote struck me anew in light of the ongoing controversy and debate over the grantmaking policies of the National Endowment for the Arts:

"In my opinion art is a kind of anarchy, and theatre is a province of art . . . . Art is only anarchy in juxtaposition with organized society. It runs counter to the sort of orderliness on which organized society apparently must be based. It is a benevolent anarchy: It must be that, and if it is true art, it is. It is benevolent in the sense of constructing something which is missing, and what it constructs may be merely criticism of things as they exist . . . .

"It seems to me, as it seems to many artists right now, that an effort is being made to put creative work and workers under wraps. Nothing could be more dangerous to Democracy, for the irritating grain of sand which is creative work in a society must be kept inside the shell or the pearl of idealistic progress cannot be made. For God's sake let us defend ourselves against whatever is hostile to us without imitating the thing which we are afraid of!"

Tennessee Williams wrote that in his 1953 introduction to *27 Wagons Full of Cotton and Other Plays*. It is a reminder that this is not a battle for the moment. And it is not a battle for "acceptance." It is an ongoing battle *to be heard*. We have to fight and continue fighting. Even after Jesse Helms has a Mapplethorpe in his living room.

Joanne Zipay
Woodside, N.Y.

Pay What You Can

In "Recasting the Audience" (Jan. '90), Lynn Jacobson remarks that the exact origin of the concept of pay-what-you-can ticket pricing is unknown, but "many fingers point to California's La Jolla Playhouse." As far as I know, the origin of pay-what-you-can is the Tarragon Theatre in Toronto in 1971. In the '70s in Toronto, many of the small theatres followed suit and the tradition of the Sunday pay-what-you-can matinee became entrenched. The Tarragon remains one of the few theatres where you can literally pay nothing if that's what you've got, although we have resorted to placing a discreet sign at the box office with a "suggested minimum." This season it is $5.

Des McAnuff worked in Toronto in the early '70s and may have suggested the pay-what-you-can concept for La Jolla. Whatever the case, it's reassuring to know that ideas travel south across the border as well as north.

Mallory Gilbert, general manager
Tarragon Theatre
Toronto

Size Means Money

Lisa Wormser makes a telling argument for the integrity of mid-sized theatres ("Medium Sized, Well Done," Feb. '90). The artistic vision may well be more likely to remain intact, sheltered from the commercial pressure of large subscription audiences, huge budgets and corporate boards.

However, she does fail to account for what is perhaps the primary asset of size. Large institutions are more able and much more likely to pay their artists fairly. All too often, the powerful mission of the small theatre's artistic director and coterie of friends is supported on the back of unpaid or poorly paid performers. Until the collective American theatre resolves this problem, purity is tainted indeed.

Stephen Richard, managing director
Pittsburgh Ballet Theatre

Small, Medium, Large

In reading the excellent February issue, I noted Lisa Wormser's cavalier dismissal of subscription's importance to "medium-sized" theatres, as if the large-sized ones she speaks of *began* big, and as if medium-sized ones must permanently remain in that category.

Overwhelmingly, our theatres which are now big were once small, then became medium-sized, and then became large. Their growth was invariably propelled by consistent, dynamic subscription audience-building efforts, matched to their various levels of artistic achievement. Subscription's momentum has not abated—less than a year ago, TCG's "Theatre

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THEATRE FACTS 89

Theatre attendance, production activity, box-office receipts and contributed income reached new highs at resident theatres across the country in 1989, according to Theatre Communications Group's 16th annual survey of 192 nonprofit professional theatres. The survey depicts many positive gains for the field, with attendance, production activity and income registering impressive growth.

But on closer examination, many theatres across the country remain precariously poised on the brink of fiscal instability, and nearly one-half of the theatres in the study registered operating deficits for the year. As a whole, the nation's theatres are faced with several negative economic trends they still have not been able to overcome.

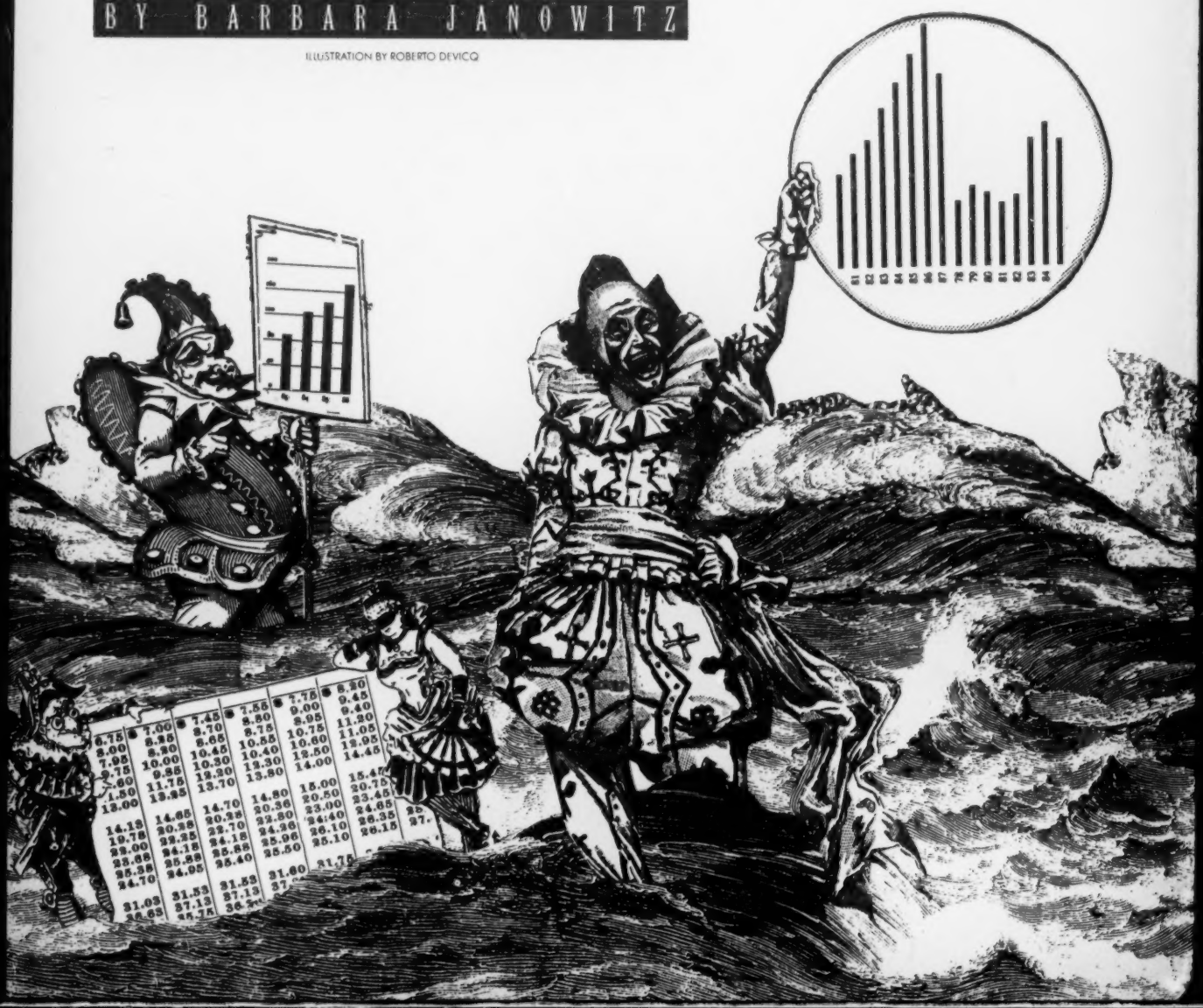
Key findings reveal the following:

—Attendance reached a new high of nearly 19 million and grew faster in 1989 than in the previous four years.

—Production activity attained a new peak, averaging more than one

BY BARBARA JANOWITZ

ILLUSTRATION BY ROBERTO DEVICQ



performance a day at the 50 theatres in the survey sample group.

—Box-office income increased by the largest percentage of the past five years.

—More than three-fifths of operating expenses were devoted to artist and staff salaries and fees.

—Grants and contributions covered the largest share of operating expenses of the survey period.

—Most of the increase in contributed income was attributed to a rise in individual and corporate giving.

—However, growth in foundation support slowed significantly.

—Federal funding once again failed to keep pace with inflation in the face of the ninth year of flat funding.

—Nearly one-half of the theatres registered operating deficits for the year.

Universe

The 1989 TCG survey incorporates information from 192 nonprofit professional theatres from across the United States, located in urban neighborhoods, rural communities, suburbs and major metropolitan centers representing 111 towns and cities in 39 states and the District of Columbia. Representative of the geographical and artistic range of this year's national survey group are the American Repertory Theatre (Cambridge, Mass.), Children's Theatre Company (Minneapolis), Denver Center Theatre Company, Jomandi Productions (Atlanta), La Jolla Playhouse (California), Lincoln Center Theater (New York, N.Y.), Portland Stage Company (Maine), Repertory Theatre of St. Louis, Seattle Group Theatre and Trinity Repertory Company (Providence, R.I.).

Budgets for the 192 theatres ranged in size from $50,000 to $45.2 million; as a group, they represent a $349-million industry. Nearly half the theatres—49 percent—ended the year with operating deficits, the largest percentage in the past four years, and a strong signal that the field has yet to achieve a stable economic environment. Bottom lines for the individual theatres in 1989 range from a negative operating fund balance of $738,000 to a surplus of $1.5 million.

Participating theatres represent the enormous breadth and diversity of the field, and include ensembles, touring companies and established cultural institutions with repertoires that span the scope of classics, modern plays and musicals, new plays by American and foreign playwrights, experimental works, plays aimed at minority and young audiences, mime and performance art works. Theatres participating in the 1989 survey produced their own works in residence, toured their productions throughout the United States, Europe and Asia, and in a few instances, transferred or produced their own plays on Broadway or at other venues, as well as booking in works produced by other performing arts companies. Together, they played to an unprecedented total audience of 18.7 million during the 1988–89 season and presented 53,263 performances of 2,469 productions. The total number of actors, directors, designers, playwrights, and administrative and technical staff employed by the theatres was 25,344, with an additional 31,526 volunteers augmenting the workforce.

Sample Group: Five-Year Trends

The five-year trend analysis for a sample group of 50 theatres across the country is an integral part of the TCG survey. In addition to the aggregate totals for the survey universe of all 192 theatres, the current survey provides detailed information on these 50 theatres over the entire five-year survey period, beginning with 1985, which represents the largest sample group studied since the survey began in 1974. The sample theatres in the 1989 survey range in budget size from $657,000 to $9.4 million and, together, account for nearly half the total financial activity of the entire 192-theatre survey universe.

Analysis of the sample theatres reveals that total income in 1989 grew faster than expenses, while both figures ran well ahead of the 5.2 percent inflation rate for the year. Total income increased 12.4 percent over the previous year while operating expenses grew 11.2 percent. The total income figure is comprised of earnings—predominantly box-office receipts—along with other income from touring, educational programs and such revenue-producing activities as fund-raising events and concessions, as well as grants and contributions received from both public and private sources.

Earnings rose 12.3 percent in 1989, nearly double the next-largest increase in the five years studied, but still left the largest "earnings gap" in five years to be met by grants and contributions from the

SURVEY UNIVERSE

192 Theatres in 1989

PRODUCTIVITY	
Attendance	18,696,785
Subscribers	989,662
Performances	53,263
Productions	2,469
FINANCES	
Earnings	$224,567,181
Contributions	$124,400,118
Total Income	$348,967,299
Total Expenses	$349,180,239
Surplus/Deficit	–$212,940
WORK FORCE	
Artistic	13,243
Administrative	4,865
Technical	7,236
Total Paid Personnel	25,344
Volunteers	31,526

TOTAL INCOME AND EXPENSES

50 Sample Theatres

IN THOUSAND $	1985	1986	1987	1988	1989
Earned Income	78,947	84,219	89,388	95,198	106,892
Total Expenses	126,782	136,498	146,046	156,929	174,463
Earnings Gap	–47,835	–52,279	–56,658	–61,731	–67,571
Contributed Income	45,780	51,564	56,404	60,055	67,562
Total Income	124,727	135,783	145,792	155,253	174,454
Surplus/Deficit	–2,055	–715	–254	–1,676	–9

philanthropic community. Those contributions grew 12.5 percent over the previous year, not quite enough to close the earnings gap, although the tiny collective operating deficit of $9,400 at the end of the year was the smallest of the deficits in the five-year period. The sample theatres therefore fared slightly better than the overall survey universe in percent of theatres ending the year with a negative bottom line—42 percent of sample theatres, compared to 49 percent of the universe. By contrast, five years ago 52 percent of the same sample group posted year-end deficits, resulting in a startling $2.1 million aggregate deficit.

But although the aggregate numbers look better now, a close inspection reveals that the improved picture is far from universal: 13 of the sample theatres registered 1989 deficits in excess of $100,000 and 9 ended 1989 with cumulative operating deficits in excess of $500,000. In addition, 5 theatres posted deficits in each of the five years studied. So while the overall financial picture has improved somewhat over the past several years, many of the individual theatres continue a precarious existence.

Arizona Theatre Company and La Jolla Playhouse, both members of the 1989 sample group, were among the theatres forced to conduct emergency fundraising campaigns during 1989. Arizona Theatre Company was fortunate in raising the $972,000 required to continue operations, and La Jolla Playhouse was successful in meeting the $500,000 goal (one-half of a total $1-million stabilization campaign) necessary to ensure the 1990 season. In both cases, supporters for the theatres emerged in time to keep them from closing, but only at the last minute, adding an additional burden to ongoing fundraising efforts.

Earnings

Despite the ongoing financial seesaw experienced by so many theatres, programming success and sophisticated marketing techniques combined to result in impressive audience growth throughout the season. As a result, a striking increase in single-ticket sales and a steady (but not spectacular) increase in subscription sales accounted for most of the growth in 1989 earned income. Healthy increases were also reported from minor sources of earned income, such as interest and endowment earnings, educational programs and concessions income.

Although the double-digit growth in 1989 earnings should be heralded as a positive trend, the shifting box-office components can be seen as a change in attendance patterns that may significantly affect theatres in the future. The need to attract a younger, more culturally diverse and societally representative audience, cited as a priority by theatre professionals across the country, may result in alternatives to traditional subscription sales which may, in turn, prove more financially burdensome to marketing endeavors.

Box Office

The 1988–89 season set new records for attracting audiences to the sample theatres, while offering them more performances of a greater number of productions than ever before. Total attendance at all productions, including resident, booked-in and touring activities, reached a record high during the 1988–89 season, as sample theatres presented an average of more than one performance a day, for a total of 368 performances on all their stages at home and on tour. Not only was attendance at a five-year high, but the 1988-89 season audience also experienced the largest annual percentage increase in the five years, growing nearly 4.6 percent over the previous season.

Within the framework of total attendance, mainstage attendance also reached a five-year zenith as the average sample theatre, filling 84 percent of available seats, produced 258 performances of seven mainstage productions. Non-mainstage offerings, such as second stage performances, workshops, play readings and young people's performances, increased over the prior year in number offered as well as in attendance, as the sample theatres averaged 63 performances of six ancillary offerings, bringing the total average resident playing season to 36 weeks. Attendance at booked-in events (those theatre, dance, film, music or other events sponsored but not created by the theatres) experienced a modest rise between the 1987–88 and 1988–89 seasons, although fewer performances of fewer events were offered. This increase in attendance as well as rising ticket prices produced a 12.8 percent rise in box-office income, which accounted for four-fifths of all earnings in 1989.

Subscription and single-ticket revenue combined paid for slightly less than one-half of all 1989 operating expenses of the sample theatres, as was the

While the overall financial picture has improved, many of the individual theatres continue a precarious existence.

case in all five years of the study. But the rise in single-ticket income's share of that revenue indicates the growing importance of non-subscription theatre attendance. While subscribers still make up the majority of a theatre audience, subscription levels and attendant subscription income have been leveling off in recent years, and theatre managements are employing new marketing techniques to attract new and returning single-ticket buyers with the growing understanding that they may never convert to subscriber status. Rush tickets for the general public, pay-what-you-can performances, flexible multi-ticket passes and an increase in promotional tie-ins are just a few of the single-ticket marketing strategies newly set in place in many theatres across the country. The growing increase in flexible subscription passes offered at the theatres recognizes the needs of those younger and less affluent theatregoers who cannot afford the large advance cash outlay or prefer not to be locked into rigid subscription plans.

Single-ticket income grew a staggering 20 percent over the previous year, and covered a record 19.3 percent of operating expenses, the five-year high. Despite this huge increase in income, the average single ticket at a sample theatre cost a patron only $17.64, a shade more than one-half the average of $32.90 for a ticket to a Broadway show during the same season, as reported by the League of American Theatres and Producers. Atlanta's Alliance Theatre, Circle Repertory Theatre and Manhattan Theatre Club in New York City, and San Diego's Old Globe Theatre showed particularly weighty increases in mainstage attendance with concomitant increases in single-ticket income, while Arena Stage in Washington, D.C. and the Children's Theatre Company of Minneapolis registered hefty attendance growth with more moderate rises in income.

Subscription sales at the sample theatres also grew, though not as impressively as single-ticket sales. The total number of mainstage subscribers reached a five-year high, averaging 12,271 per theatre and representing more than half of total capacity, although attendance on subscription lagged at 27 of the 50 theatres. In actual numbers, subscription audiences ranged from fewer than 1,000 to nearly 50,000.

The largest subscription audiences were reported by the Old Globe Theatre, the Mark Taper Forum in Los Angeles, South Coast Repertory in Costa Mesa, Calif., Seattle Repertory Theatre, the Guthrie Theater in Minneapolis and Chicago's Goodman Theatre, where, in each case, the total subscriber base exceeded 20,000.

The largest growth over the prior year's subscription level was reported by the Barter Theatre of Virginia, Circle Repertory Company, the Guthrie Theater, Missouri Repertory Theatre, the Shakespeare Theatre at the Folger in Washington, D.C. and Chicago's Steppenwolf Theatre Company.

Subscription income also reflected series-ticket price increases and rose nearly 9 percent in 1989, bringing the average cost of a main series subscription ticket to $14.90. Total subscription income covered 30 percent of total operating expenses, slightly below the levels in the previous four years.

The need to attract a younger, more culturally diverse and societally representative audience may result in alternatives to traditional subscription sales.

PERCENT CHANGE: INCOME AND EXPENSES

50 Sample Theatres

Percent Change	85–6	86–7	87–8	88–9	5 yrs. 85–9
Expenses	7.7	7.0	7.5	11.2	37.6
Earned Income	6.7	6.1	6.5	12.3	35.4
Contributed Income	12.6	9.4	6.5	12.5	47.6
Total Income	8.9	7.4	6.5	12.4	39.9

Other Earnings

Among the other performance-related earnings categories that reversed prior-year declines in 1989 were touring and booked-in events. Although admissions to touring performances decreased by 2 percent in 1989, touring income actually increased more than 6 percent over the previous year. Twenty-six of the fifty sample theatres reported touring income, up from only 19 that toured the previous year. South Coast Repertory led in touring activity throughout the year with 242 performances within the state of California, followed by Actors Theatre of Louisville's tours to Finland and Poland, Albany-based Capital Repertory Company's tour through the Northeast and Fulton Opera House of Lancaster, Pa.'s tour of its home state and Maryland.

Nineteen theatres in the sample group served as "presenters" by booking in the touring work of outside arts groups in 1989, generating a lower level of production activity but more attendance than the year before, while income from these booked-in events increased by a slight 1.1 percent. The Guthrie Theater, McCarter Theatre Center for the Performing Arts in Princeton, N.J. and Arena Stage continue to draw the largest audiences to their booked-in events.

Income from training programs operated by sample theatres reached a five-year high in 1989. Of the 23 theatres reporting income from training programs, South Coast Repertory, American Repertory Theatre, Trinity Repertory Company, Alliance Theatre and the Dallas Theater Center received the highest earnings from such programs. Other theatres have established training programs that are affiliated with nearby universities; they include the Shakespeare Theatre at the Folger (University of South Carolina), Missouri Repertory Theatre (University of Missouri, Kansas City), PlayMakers Repertory Company (University of North Carolina at Chapel Hill), Syracuse Stage (Syracuse University) and Yale Repertory Theatre (Yale University).

Earnings from educational outreach activities conducted by 18 sample theatres, such as humanities series and in-school theatre programs, also hit a five-year high, reversing a serious decline experienced in the previous year. The Shakespeare Theatre at the Folger, Dallas Theater Center, Trinity

Repertory Company and Arena Stage had the greatest outreach income, with both the Shakespeare Theatre at the Folger and Arena Stage initiating new programs in 1989. The net increase in all combined training and educational outreach program income was nearly 12 percent since last year.

By 1989, 31 of the 50 sample theatre had established endowments funds, compared to 24 five years earlier, illustrating the increasing recognition of the importance of such funds to the financial health of nonprofit theatres. Although 11 of the 31 theatres elected, either by board or donor mandate, to reinvest all endowment earnings, endowment interest used for operating purposes increased by more than 12 percent over 1988. Still, this source of income covered only 1.4 percent of total expenses for the third consecutive year.

The size of endowment fund balances has also grown considerably in the five years studied; 1989 fund balances ranged from $500 to $11.6 million (with a median of $522,871) and totaled $50.4 million, nearly double the $25.3 million aggregate endowment fund balances reported by the sample theatres five years ago. The largest endowment principals were reported by the Guthrie Theater, Actors Theatre of Louisville, Arena Stage and South Coast Repertory. Both the Guthrie Theater and Center Stage (Baltimore) launched major capital campaigns in 1989, in part to increase their current endowments, while American Repertory Theatre, Old Globe Theatre and South Coast Repertory continued campaigns which had been initiated earlier. Steppenwolf Theatre Company announced a new capital and endowment campaign during the year, and Hartford Stage Company positioned itself with early leadership grants for a 1990 endowment and capital campaign announcement.

Royalty income earned from subsequent stage, film, video and audio productions of works developed by sample theatres was $823,342 for 22 of the 50 theatres in 1989, an increase of more than 50 percent over the previous year, but still a minor source of income for the sample theatres.

Other sources of earnings include income from concessions, program advertising, space rental and the rental or sale of costumes and props, which together increased 9.3 percent over 1988. Revenue from dividends and interest earned on operating fund investments increased nearly 38 percent over 1988, but accounted for only about one percent of total operating expenses.

Expenses

Total operating expenses for the 50 sample theatres rose 11.2 percent in 1989, the largest increase in the five years studied. The average operating budget grew from $2.5 million in 1985 to $3.5 million in 1989, adding $1 million to required resources—$351,000 in the past year alone—primarily earmarked for salary increases. The largest percentage in the five-year study—more than three-fifths of all theatre expenses—was devoted to compensation of artists, administrative staffs and production/technical personnel in the form of salaries, fees, royalties and fringe benefits, which grew by 11.8 percent over the previous year, well beyond the inflation rate of 5.2 percent and higher than the 10.3 percent rate of growth for non-personnel expenses.

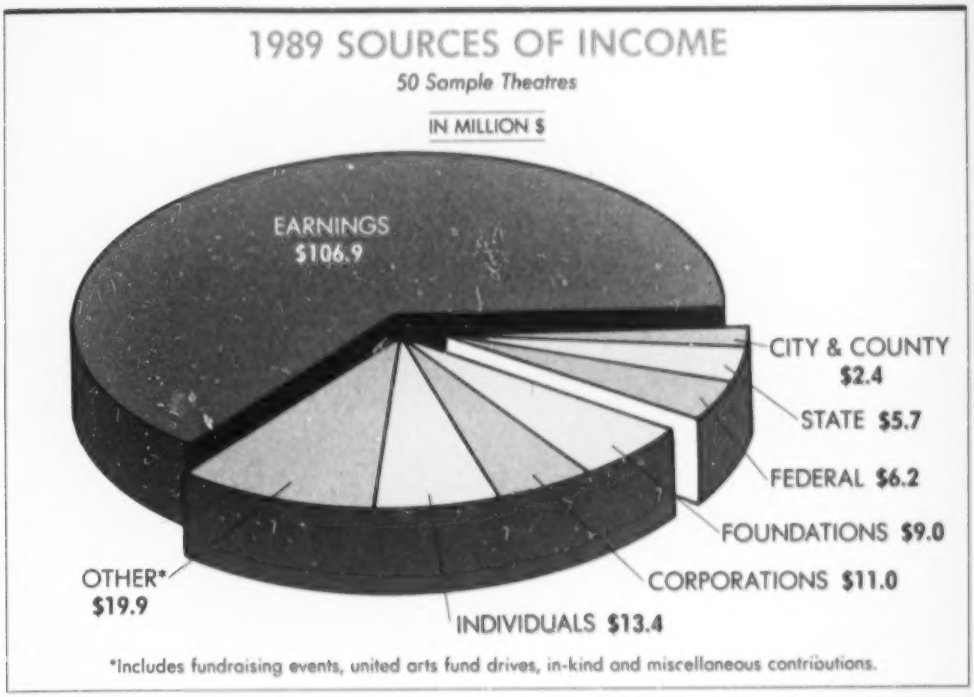
Employee salaries in nonprofit organizations are historically lower than those for equivalent positions in the commercial sector, and the leaders of most theatres cite greater artist and employee compensation as a top priority in yearly budgeting and long-range planning.

Among salaried personnel, administrative employees—including managing directors, audience development professionals, fundraising staffs, business managers, box office and front-of-house staff—fared the best in terms of salary increases in 1989, as their total compensation rose by 14.8 percent over the previous year. Also rising significantly were salaries for production and technical employees, including carpenters, seamstresses, lighting technicians, property artisans and stagehands, who realized a 14.2 percent increase in salaries paid in

EARNED INCOME

50 Sample Theatres

IN THOUSAND $	1985	1986	1987	1988	1989
Box Office	62,691	65,805	70,865	76,262	86,046
Touring	2,467	3,403	2,507	2,429	2,577
Booked-in Events	2,122	1,978	3,410	2,870	2,901
Educational Programs	2,191	2,276	2,555	2,520	2,820
Interest & Dividends	1,969	1,485	1,260	1,565	2,156
Endowment Income	1,265	1,504	1,978	2,152	2,415
Royalty Income	332	538	487	533	823
Concessions	2,078	2,134	2,273	2,318	2,746
Advertising	1,214	1,354	1,130	1,254	1,339
Rentals	1,021	1,000	1,194	1,216	1,147
All Other	1,597	2,742	1,729	2,079	1,922
TOTAL	78,947	84,219	89,388	95,198	106,892



1989. Salaries and fees to fulltime artistic employees and freelance artists—including artistic directors, literary managers, directors, designers and actors—had achieved the highest increase among the three personnel categories in 1986 and 1987 and the second-highest increase in 1988. But artistic salaries and fees grew less rapidly in 1989, by 8.2 percent—still well ahead of inflation but behind administrative, production and technical employees. Additional personnel-related expenses include royalties to playwrights, composers and lyricists, which rose 12.9 percent in 1989.

In 1989, salaries and fees to artistic personnel represented 25.3 percent of all theatre expenses, administrative staff salaries accounted for 18.3 percent of expenses and compensation to production and technical employees reached 15.1 percent of expenses.

While artistic salaries and fees remain the largest component of theatre operating budgets, increasingly greater resources are required to run the organizations. The financial gains achieved through more sophisticated marketing and fundraising campaigns come with a higher price tag on salaries in those areas, as more full-time and part-time employees are engaged to meet the increased goals, and the alarming turnover rate among administrative and technical staff members indicates the ongoing pressure to raise compensation to competitive levels. At the same time, TCG's report on recent yearlong discussions with the country's artistic directors, *The Artistic Home,* cited the challenge of keeping the most talented artists in the theatre as the theatres' single most pressing concern. Additional resources must yet be found to address the chronic undercompensation of theatre artists and to provide them with adequate rehearsal time and the possibility of longterm collaborative relationships with theatre institutions.

Non-personnel costs in 1989, including rent, utilities and materials for scenery, costumes and props, increased 10.3 percent over the prior year, while cumulative growth over the five years of the study was 30.7 percent, compared to cumulative growth for salaries, fees and fringe benefits of 41.6 percent.

Grants and Contributions

Contributions have grown an impressive 47.6 percent over the five years of the study, compared to slower growth rates for both earned income (35.4 percent) and expenses (37.6 percent). It is to the theatres' credit that they have managed to increase the overall level of contributed support during the 1980s, a decade dominated by eight years of the Reagan Administration with its inhospitable federal arts policies, major changes in the tax laws governing charitable contributions by individuals, and equally widespread changes in the corporate philanthropy environment. It is already evident that the new decade we are entering will bring new challenges to theatres' fundraising efforts. Competing societal needs—particularly the AIDS and homeless crises, education and environmental issues—combined with continued changes in the structure of corporate America will surely affect philanthropic giving patterns. Additionally, the federal deficit coupled with Congress's uncertain stand on federal arts funding following the recent Serrano/

Mapplethorpe/Artists Space controversies may have an impact on contributions from other sources that will make the future of arts funding more uncertain than ever.

In 1989, contributed income to sample theatres covered the largest share of operating expenses in the five years studied—nearly 39 percent—as grants and contributions grew 12.5 percent over the previous year. The rise in the rate of individual and corporate giving in 1989 accounted for most of the rise in total giving, which also includes grants and contributions from foundations, government agencies, united arts funds, special fundraising events and in-kind donations.

Individual donors, corporations and foundations continue to be the primary sources for contributed income, with both individuals and corporations providing significantly more income than the previous year, but foundations showing only a moderate below-inflation increase. Federal funding continued its downward spiral as a percentage of operating expenses and registered a growth rate below that of inflation, but both state and city funding showed significant growth over prior-year grant levels.

Individuals

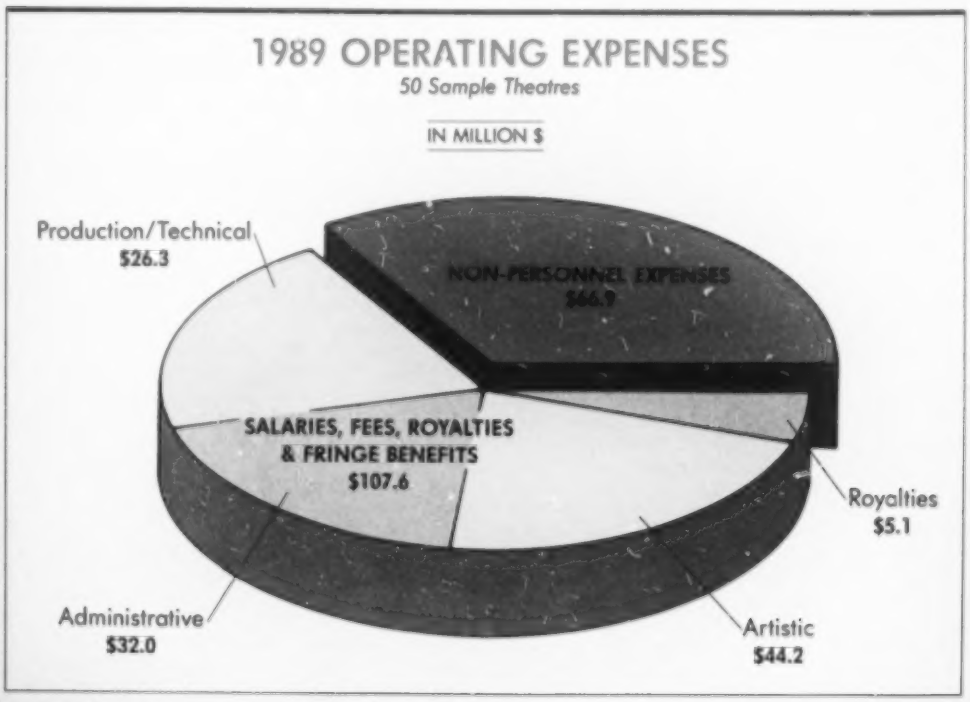
Donations from individuals continue to be the largest source of contributions to theatres, and this category grew a sizable 21.4 percent over 1988 giving—more than quadruple the national inflation rate for the year—in sharp contrast to the 4 percent decrease in giving the year before, and by far the largest annual increase in the five years studied. More than 105,500 people made donations to the 50 sample theatres, actually representing fewer donors than in each of the previous two years, but the average gift rose from $103.02 the year before to $126.93 in 1989. Increases in giving by individuals were reported by 35 of the 50 sample theatres, representing almost three-quarters of the group.

The American Association of Fund-Raising Counsel, in its most recent annual survey *Giving USA: The Annual Report on Philanthropy*, also reported an increase in individual giving to all nonprofit organizations which outpaced inflation, attributed to "a rise in total personal income, a rebound from the 1987 slowdown, a year-end market rally and aggressive fundraising." While that report covers the previous year (1988), the same factors appear to have continued in 1989.

Corporations

In spite of predicted declines, corporate support remained the second most important source of contributions to sample theatres in 1989 and showed double-digit increases in both the number of corporate gifts (which rose more than 13 percent to 5,840 gifts in 1989) and total dollar amount (which registered an impressive 15 percent increase over the 1988 level). Nearly three-quarters of the sample theatres reported increases in 1989 corporate giving dollars, which covered the greatest share of operating expenses in the five years studied. The average corporate donation also rose modestly from $1,860 to $1,884.

At the national level, AT&T, the Dayton Hudson Corporation, the Humana Corporation and



CHARTS AND GRAPHS BY PETER LUKIC

Total attendance reached a record high during the 1988-89 season.

CONTRIBUTED INCOME

50 Sample Theatres

IN THOUSAND $	1985	1986	1987	1988	1989
Individuals	9,389	10,275	11,466	11,036	13,395
Corporations	6,857	7,897	8,627	9,573	11,004
Foundations	5,257	6,237	7,157	8,617	8,957
United Arts Funds	5,981	6,379	6,244	6,841	7,257
Federal	5,113	6,095	5,678	5,946	6,192
State	3,804	4,396	4,633	5,073	5,739
City & County	873	1,341	1,949	2,167	2,417
Fundraising Events & Guilds	3,315	4,069	4,647	4,676	5,815
All Other	5,191	4,875	6,003	6,126	6,786
TOTAL	45,780	51,564	56,404	60,055	67,562

U.S. West led in total giving dollars to all theatres participating in the TCG survey. Local area giving, generated by community-based businesses, corporate headquarters and branch offices, spurred major gifts of more than $150,000 from the Humana Corporation (to Actors Theatre of Louisville), Huntington National Bank (Players Theatre Columbus in Ohio), ARCO (Los Angeles Theatre Center) and Hallmark Cards (Missouri Repertory Theatre).

Figures for the TCG sample theatres are more favorable than those for the nonprofit sector at large, which experienced an increase in corporate giving of only 3.3 percent in calendar year 1988, according to *Giving USA*. The Business Committee for the Arts commissioned a study, "The BCA Report: A New Look at Business Support to the Arts in the U.S.," which describes a decidedly more upbeat scenario for the arts community, although it should be noted that BCA's mission is to promote corporate giving to the arts, and not to objectively monitor giving activity. The report estimates that the arts received approximately 12 percent of total corporate giving in the U.S. in 1988. The study of 1,007 U.S. businesses also indicated that 61 percent of those surveyed said they intended to maintain the same level of support to the arts in 1989 as in 1988, while 21 percent said they will increase their support and 13 percent planned to decrease.

Despite the healthy increase to TCG sample theatres in 1989, the future role of corporate philanthropy as a major source of income remains in question. While the deluge of corporate mergers and acquisitions witnessed during the 1980s slackened off towards the end of the decade, Philip Morris's acquisition of Kraft in 1988 and the more recent merger of Bristol-Meyers with Squibb indicate that blockbuster activity of this nature is not yet over. Further, corporate interest overseas and the new role of Japanese and other foreign corporations in American business life (including philanthropic potential) point to a different, less recognizable corporate culture in the 1990s and the next century.

Competing societal needs—particularly the AIDS and homeless crises, education and environmental issues—will affect philanthropic giving patterns.

Foundations

From 1985 to 1988, grants from foundations boasted double-digit increases, and since 1985, foundation grants have cumulatively risen an impressive 70.4 percent. Yet 1989 was the first time during the survey period in which growth did not match inflation, as foundation grants to the survey's sample theatres showed the lowest increase of any major source of support, up only 4 percent over the previous year. More than half the sample theatres reported decreases in their foundation gifts during 1989, although foundations continued to be the third largest source of contributed income.

The aggregate number of foundation donors to sample theatres also decreased by nearly 6 percent, although the average amount of a foundation gift rose 10 percent—from $11,459 in 1988 to $12,598 in 1989. The *Giving USA* report also registered a decline in the growth of foundation grants a year earlier, attributing the slowdown to an even steeper decline in the growth of foundation assets due to comparatively poor stock market performance in 1988.

While the growth rate for foundation grants to TCG theatres has fluctuated wildly from year to year, due largely to the effect of an unstable stock market on foundation portfolios and to theatres reporting multi-year foundation grant income in varying ways, there are strong reasons to believe that growth patterns from this source may suffer significant erosion in the face of the overwhelming social needs presently confronting the nation.

The 18th annual *Foundation Grants Index*, a yearly index of grants published by the Foundation Center, reports that major foundations are moving their emphasis away from general operating support to project grants for the full spectrum of American nonprofit organizations. The study of 1988 foundation giving also found that grants to aid children and young people, African Americans, general science, social sciences, low-income housing and community development, international activities and public health (including AIDS) are increasing,

while grants to medical health, care and research, higher education and cultural activities are on a decline, thus reflecting the public's outcry for remedies to today's looming social and urban problems.

The Shubert Foundation again led foundation giving to TCG theatres nationwide, with more than $1.2 million in grants reported by 51 of the 192 participating theatres in the survey universe. Other leading foundations supporting theatres in 1989 were the Wallace Funds (including the Lila Wallace-Reader's Digest Fund and the DeWitt Wallace Fund), the Andrew W. Mellon Foundation, the Pew Charitable Trusts, the Ford Foundation and the Eleanor Naylor Dana Trust. Individual foundation gifts of $200,000 or more were reported from the Wallace Funds (Lincoln Center Theater), the Mary & Barry Bingham Sr. Foundation (Actors Theatre of Louisville), the M.S. Murdock Charitable Trust (Oregon Shakespeare Festival), the Lilly Endowment (Indiana Repertory Theatre), the Pew Charitable Trusts (the People's Light and Theatre Company in Malvern, Pa.) and the Kentucky Women's Foundation (Women's Project and Productions, New York City).

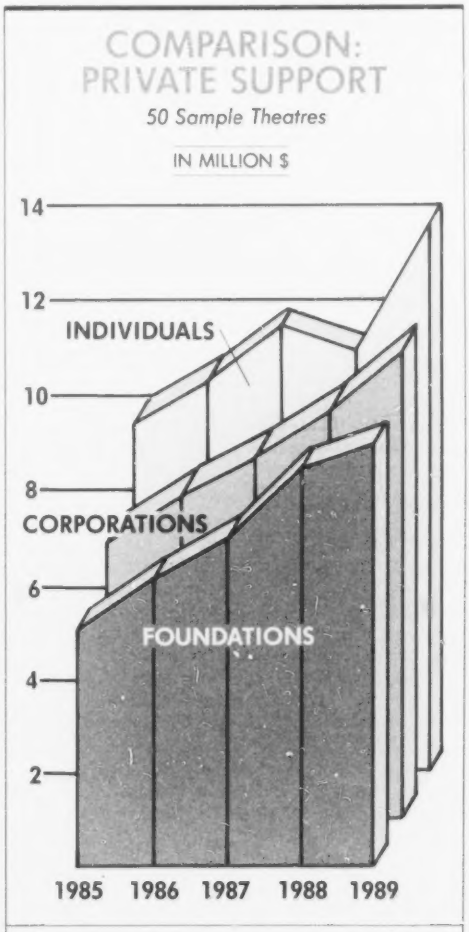
Federal Government

In 1989, federal support to sample theatres rose 4.1 percent. The congressionally mandated budget for the National Endowment for the Arts, the primary source of federal funds, grew by less than one percent to $169.1 million in 1989, while the budget allocated to the NEA Theater Program remained virtually the same as the previous year, rising by only $100,000 to $10.8 million—still slightly less than the pre-Reagan 1981 budget of $10.83 million.

Forty-four of the fifty sample theatres received grants via the NEA's Professional Theatre Companies category in 1989, the primary mechanism for federal support to American theatres. Grants ranged from $7,500 to $310,000, with an average grant of $91,477, representing more than half of the total funds distributed to the NEA's 199 theatre grantees. While 16 of the sample theatres received increases over their previous year's grant amount, 8 saw their grants decrease.

Five sample theatres received major Ongoing Ensembles grants, a multi-year initiative to support permanent companies of artists, which was closed to new applicants in late 1988. And only one sample theatre reported support from NEA Challenge funds. In addition to NEA Theater and Challenge funding, more and more theatres are receiving funds from other NEA programs—particularly Opera-Musical Theater, Inter-Arts and Expansion Arts—as more cross-disciplinary work is being produced.

Federal funds covered only 3.6 percent of theatre expenses in 1989, the lowest percentage in the five years studied. But despite the flat level in terms of actual dollars and the shrinking share of theatre expenses covered, the NEA remains the most highly visible of all contributed income sources. Evidence of the weight of federal arts funding was witnessed last year during the congressional debates over the 1990 NEA appropriations bill which focused on federal funding of so-called "obscene" art. The unprecedented attention paid to the NEA appropriation was sparked by two grants to visual arts organizations that exhibited the works of controversial photographic artists Robert Mapplethorpe and Andres Serrano, and resulted in legislative action that, for the first time in the history of the NEA, established content as an issue in the granting of federal arts dollars. Later in the year, the newly appointed NEA chairman, John E. Frohnmayer, found himself at the center of another highly publicized controversy when he withheld, then restored, an NEA grant to a New York alternative art gallery to support an exhibit about AIDS.

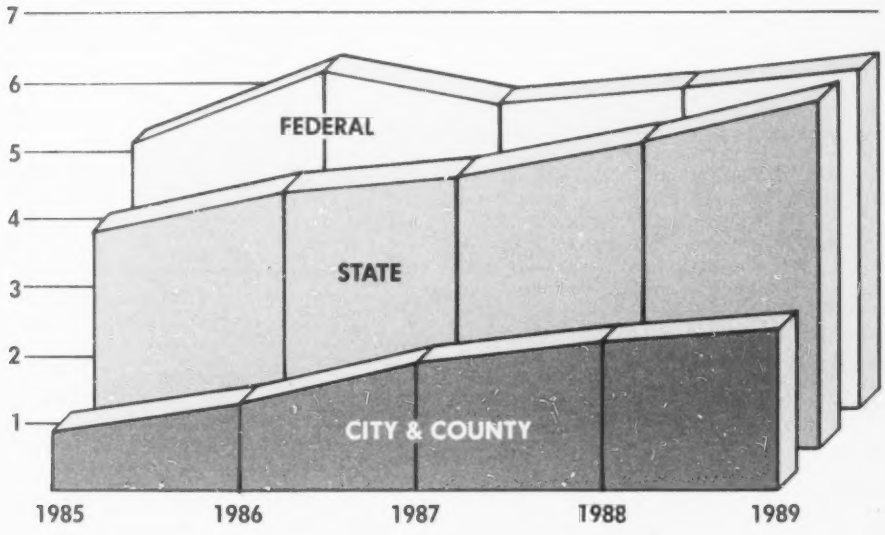


Percent Change	85–6	86–7	87–8	88–9	5 yrs. 85–9
Corporations	15.2	9.2	11.0	15.0	60.5
Foundations	18.7	14.7	20.4	4.0	70.4
Individuals	9.4	11.6	–3.8	21.4	42.7

COMPARISON: PUBLIC SUPPORT

50 Sample Theatres

IN MILLION $



Percent Change	85–6	86–7	87–8	88–9	5 yrs. 85–9
Federal	19.2	–6.9	4.7	4.1	21.1
State	15.6	5.4	9.5	13.1	50.8
City & County	53.6	45.4	11.2	11.5	176.8

State Government

Sample theatres reported a significant 13.1 percent increase in government funding at the state level in 1989, primarily from state arts agencies, as compared to the 10.5 percent increase in overall state arts agency appropriations reported by the National Assembly of State Arts Agencies (NASAA).

All but the two sample theatres located in the District of Columbia (which, for purposes of this survey, is considered under city/county) received support from their state arts agencies: 27 reported increased grants, 16 experienced decreases and 5 were level-funded. The average grant to sample theatres from state arts agencies was $112,484. Significant support exceeding $150,000 was received by McCarter Theatre Center for the Performing Arts, George Street Playhouse (New Brunswick, N.J.), Center Stage, Perseverance Theatre (Douglas, Alaska), Manhattan Theatre Club, the Guthrie Theater, American Repertory Theatre and the Mark Taper Forum.

According to NASAA, Hawaii ranked first in state per-capita spending for the arts for fiscal year 1989, appropriating $6.23 for each resident. New York spent $56 million, more than twice as much as any other state, in total arts appropriations in 1989; New Jersey ranked second with a total appropriation of $22.8 million.

Looking toward the future, individual state arts agency budgets for 1990 reveal a mixture of increases and decreases, as state governments grapple with overburdened budgets as well as a recognition of the value of arts institutions within their states. A major decrease in state funds to organizations has occurred in Massachusetts, which is slicing its arts budget by more than 37 percent, triggering a drop in its per capita ranking from the fourth largest state arts supporter in the country to the tenth. In several other states, legislatures have increased 1990 arts budgets by more than 60 percent—including appropriations reported in Arizona, Utah and West Virginia. Because of the diverse nature of the economic and political factors that affect state arts legislation across the country, national trends are difficult to establish.

City and County Governments

Municipal and county support to sample theatres in 1989 continued its double-digit growth, increasing by 11.5 percent, slightly greater than the 11.2 percent growth rate in the previous year but well below the 45 and 54 percent growth rates seen in 1987 and

1986, respectively. Although local governments are still a relatively minor source of support for theatres, the number of theatres receiving funding from this source has grown steadily over the course of the survey, reaching 34 of the 50 sample theatres in 1989, compared to just 24 five years earlier.

Significant support exceeding $100,000 was provided by the cities of Buffalo, N.Y. (to Studio Arena Theatre), Dallas (to the Dallas Theater Center), La Jolla, Calif. (to La Jolla Playhouse), San Diego (to the Old Globe Theatre), St. Louis (to the Repertory Theatre of St. Louis) and Seattle (to Seattle Repertory Theatre), as well as by Erie County, N.Y. (to Studio Arena Theatre) and Fulton County, Ga. (to the Alliance Theatre).

Other Contributions

Like direct giving to theatres from individuals, revenues from special events such as galas, auctions and other benefits registered the fastest rate of growth in five years, up an impressive 24.4 percent compared to a less than one percent rise in 1988.

United arts funds—combined fund-raising campaigns that receive donations from corporations, foundations and individuals at the local level—registered a 6.1 percent increase in their 1989 support to theatres. However, fewer than one-quarter of the sample theatres received contributions from this source in 1989 and, as in previous years, nearly half the total reported went to one theatre—the Mark Taper Forum, which is supported by the Los Angeles Music Center's Unified Fund.

A recent study by the American Council for the Arts reported a 5.8 percent increase in total giving to united arts funds in 1988, closely mirroring TCG's findings for fiscal year 1989. The study also listed the five largest united arts funds, in total dollars raised, as those in Milwaukee, Cincinnati, Atlanta, Louisville and St. Louis—cities in which TCG sample theatres are located.

Conclusion

The country's nonprofit theatres have done a remarkable job, in a relatively short time, of creating an institutional base of support for the wide spectrum of professional theatre produced each year. In some cases, particularly among the older and more-established theatres, the institutional base is braced by strong community and financial support. But newer, smaller theatres, and those which produce more challenging work, do not often have the same foundation to rely on in difficult times. The American Conservatory Theatre was able to weather a natural disaster (the recent San Francisco earthquake), but it will be a long haul to finance the rebuilding of its severely damaged theatre. The Philadelphia Theatre Company, Chocolate Bayou Theatre in Houston and Los Angeles's Back Alley Theatre were not so fortunate—all ceased operations in 1989, unable to withstand financial hardship, while Atlanta's 34-year-old Academy Theatre suspended its mainstage productions and St. Paul's 13-year-old Actors Theatre ceased operation in early 1990 for the same reason.

Yet those theatres that persevere remain committed to seeking the additional resources necessary to create "artistic homes" which will best serve the art form, theatre artists, their audiences and their communities. The 1989 TCG survey results are heartening in the expression of public support for the country's theatres, particularly in terms of the significant increases in attendance and contributions from individuals. Perhaps the largest question that remains unanswered is what role the federal government will play in the future.

Even though the level of federal funding remains unchanged in actual dollars and covers a shrinking share of theatre expenses, NEA funding is still the paramount indicator of artistic quality to other funding sources, especially corporations, foundations and other levels of government. Threatened with extinction during the Reagan Administration, the subject of heated congressional debate during last year's appropriations hearings, of seemingly low priority to the Bush Administration and facing difficult scrutiny during the process that will reauthorize its enabling legislation later this year, the NEA's fragile existence remains of utmost importance to the financial wellbeing of the country's nonprofit theatres. □

TCG has conducted national surveys annually since 1974. Theatre Facts 89 covers theatre fiscal years ending between Sept. 1, 1988 and Aug. 31, 1989. Data from the participating sample theatres was verified against certified financial audits. Inflation information is based on the Consumer Price Index (all urban consumers) for the period ending June 30, 1989 and was obtained from the U.S. Department of Commerce's Bureau of Labor Statistics. Under the direction of Barbara Janowitz, research data was compiled by Patricia Taylor, with the assistance of George Wolfe, all members of TCG's Management Services staff.

The composition of the sample group changes slightly each year that TCG conducts this survey, depending on which theatres have provided data for all years studied. Therefore, Theatre Facts 89 *includes recalculation of all five years for the participating theatres and cannot be compared with the published results of earlier TCG surveys based on a slightly different sample group.*

1989 SAMPLE GROUP THEATRES

A Contemporary Theatre, Actors Theatre of Louisville, Alley Theatre, Alliance Theatre Company, American Repertory Theatre, Arena Stage, Arizona Theatre Company, Barter Theatre, Berkeley Repertory Theatre, Capital Repertory Company, Center Stage, The Children's Theatre Company, Cincinnati Playhouse in the Park, Circle Repertory Company, The Cleveland Play House, Dallas Theater Center, Fulton Opera House, George Street Playhouse, Goodman Theatre, Great Lakes Theater Festival, The Guthrie Theater, Hartford Stage Company, Huntington Theatre Company, Indiana Theatre Company, Intiman Theatre Company, La Jolla Playhouse.

Also, Long Wharf Theatre, Manhattan Theatre Club, Mark Taper Forum, McCarter Theatre, Milwaukee Repertory Theater, Missouri Repertory Theatre, Northlight Theatre, Old Globe Theatre, The People's Light and Theatre Company, Perseverance Theatre, Philadelphia Drama Guild, Pittsburgh Public Theater, PlayMakers Repertory Company, The Repertory Theatre of St. Louis, Seattle Repertory Theatre, Shakespeare Theatre at the Folger, South Coast Repertory, StageWest, Steppenwolf Theatre Company, Studio Arena Theatre, Syracuse Stage, TheatreVirginia, Trinity Repertory Company, Yale Repertory Theatre. (A complete list of the 192 participating theatres in the survey universe is available from TCG.)

Federal funding continued its downward spiral as a percentage of operating expenses and registered a growth rate below that of inflation.